

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Freeport State Bank Freeport State Bank

Point of Contact:	Patrick A. Kerschen	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	470	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	301,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 06, 2009	City:	Harper
Date Repaid ¹ :	N/A	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The Freeport State Bank planned on increasing lending with the move of the branch from Freeport, Kansas to Anthony, Kansas, but with the economy taking a downturn and people not borrowing as they had in the past, the bank had a downturn in lending.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The increase in capital did help with the increase of deposits that came about by the closing of a bank in our county. Without the extra capital the bank would not have benn able to grow as it did from the closing of the bank and the move of the branch from Freeport, Kansas to Anthony, Kansas

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

With the capital infusion, the Freeport State Bank was able to sustain the growth from the closing of the bank in the county along with the move of the branch from Freeport, Kansas to Anthony, Kansas. If it wasn't for the capital infusion of CCP, the bank would have had to raise more capital from the present stockholders or would have had to borrow, so it was a good solution for the Freeport State Bank.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

With the capital infusion of CCP, the Freeport State Bank increased its lending limits to help current lending borrowers as well as give the bank the capacity to compete against larger institutions. This was a very important necessity to the cliental of our area with the economic climate as it is.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.